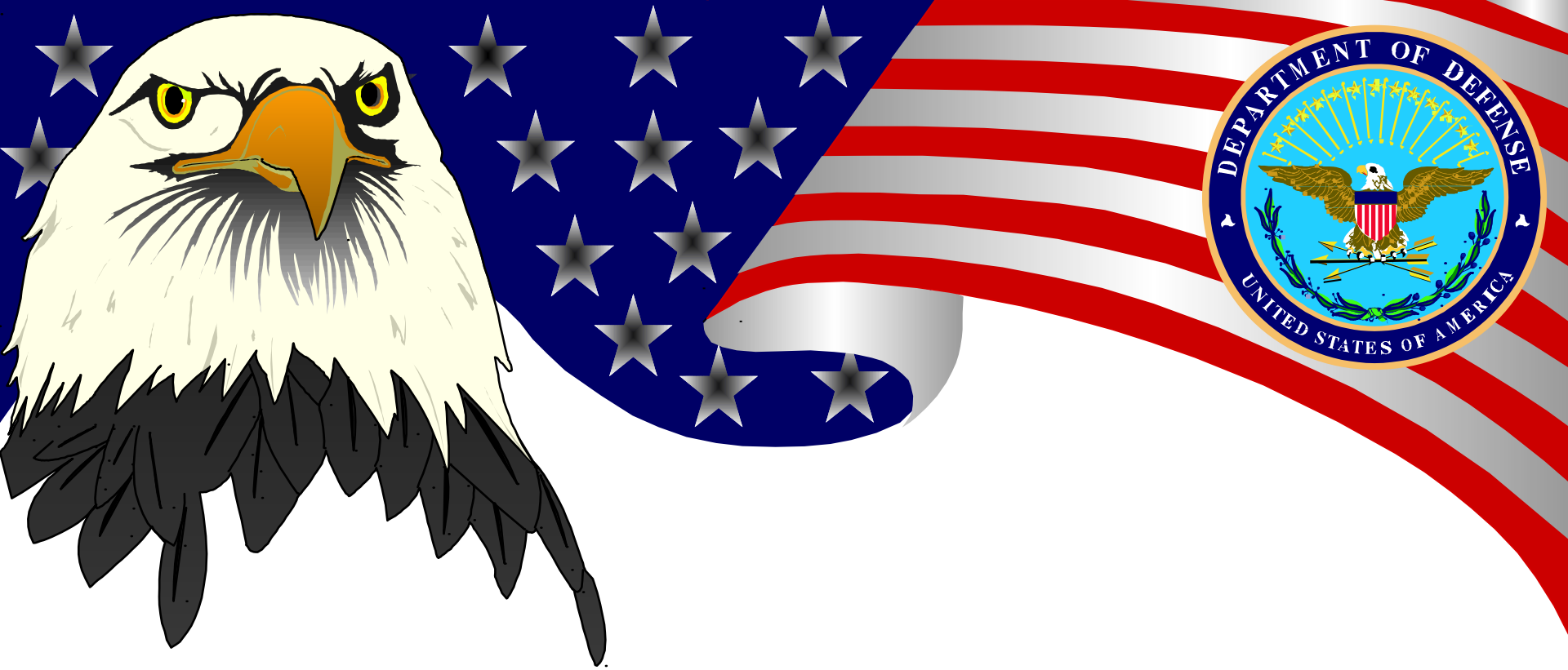


Logistics Balanced Scorecard
Joint Logistics Board

19 December 2003

Agenda

- DoD Balanced Scorecard (BSC)
- JLB Direction
- Proposed Logistics BSC
- Way Ahead

DoD BSC

Force Management Risk

- Maintain Quality Workforce
- Ensure Sustainable Military Tempo
- Maintain Workforce Satisfaction
- Shape the Force of the Future
- Maintain Reasonable Fo
  Costs

Operational Risk

- Do We Have the Force Available?
- Are They Currently Ready?
- What are the Critical Needs, Systems, People, Sustainment, and Infrastructure
- Are We Prepared for Successful
  egy and Plan Execution?

Approved by SecDef

Institutional Risk

- Streamline Decision Processes, Drive Financial Management and Acquisition Excellence
- Improve the Readiness and Quality of Key Facilities
- Realign Support to the Warfighter (including Defense Agencies)
- Manage Overhead / Indirect Costs

Future Challenges Risk

- Drive Innovative Joint Operations (CONOPS, Experiments, etc)
- Define Future Human Capital Skills and Competencies
- Define and Develop Transformational Capabilities
- Develop More Effective Organizations

Intent of the DoD Logistics BSC

- Link logistics performance and capability to the broader DoD corporate performance (DoD BSC)
- Serve as the senior management (JLB) tool to assess logistics chain effectiveness in support of the warfighter to enable better decision-making
- Facilitate strategic actions to guide logistics transformation at the DoD level
- Incorporate performance measurement best practices, proven within commercial industry and government
- Evolve over time as additional metrics become available

Endorsed By JLB

JLB Direction

- ✓ **Metrics should focus on all the capabilities that the logistics enterprise provides.**
- ✓ **The BSC should facilitate relevant strategic management and resource allocation decision-making.**
- ✓ **The BSC should reflect overall logistics chain effectiveness and efficiency in supporting the joint force.**
- ✓ **The BSC needs to ensure data integrity and minimum latency in order to make the proper decisions.**
- ✓ **The BSC should measure progress in achieving logistics chain interoperability/integration.**
- ✓ **Metrics need to focus on cross service perspectives vice component perspectives. (4 individual service bar charts will not suffice. We need to determine the strategic value of the "sum of the service information" for the 3-star level and at AT&L)**
- ✓ **Expand Warfighter Perspective to include Logistics Personnel & Prepositioning**
- **Metrics, baseline values, and targets should be presented to the JLB during the November 03 meeting.**
- **The logistics BSC should be consistent with the DoD-level BSC approach.**

Logistics BSC Development Efforts

- ✓ **Utilized Norton & Kaplan Methodology along with other best business practices to develop DoD Logistics BSC framework**
- ✓ **Achieved JLB Approval of Level 1 Metrics for Warfighter, Logistics Process, and Resource Planning Perspectives (Aug 03)**
- ✓ **Mapped DoD LOG BSC Metrics to SCOR (Oct 03)**
- ✓ **Stood up BSC IPT with organizational subject matter experts (Aug 03)**
- ✓ **Reviewed Component Performance Management efforts and supporting systems**
- ✓ **Refined metrics using BSC IPT & CMG (Oct-Nov 03)**
- ✓ **Mapped proposed DoD Logistics BSC to DoD BSC (Nov – Dec 03)**

Approved DoD Logistics BSC Level 1 & 2 Metrics

As Directed by the JLB

I&L requires additional work

Warfighter

L1: Force Readiness
L2: Equipment Readiness
L2: MC Rates
L2: Commodity Availability
L2: Logistics Units Readiness
L2: Prepositioned Readiness

L1: Force Sustainment
L2: Materiel Support
L2: Services Support

L1: Force Closure
L2: Distribution Capacity
L2: Distribution Velocity & Control
L2: Distribution Effectiveness
L2: Combat Effectiveness Achievement
L2: Prepositioned Effectiveness

L1: Reset
L2: Reset
L2: Operational Draw-down

Innovation & Learning

L1: Innovation Realization
L2: Rate of Transformation
L2: Rate of Improvement

L1: Workforce Capability
L2: Workforce Shaping
L2: Learning Transformation
L2: Employee Climate

Logistics Process

L1: Logistics Chain Reliability
L2: Perfect Order Fulfillment

L1: Logistics Chain Effectiveness
L2: Logistics Chain Agility
L2: Logistics Chain Cycle Time

Resource Planning

L1: Logistics Chain Predictability
L2: Planned Cost to Actual Cost
L2: Demand Forecast Accuracy

L1: Logistics Chain Cost Effectiveness
L2: Total Logistics Chain Cost Percentage
L2: Total Logistics Chain Cost
L2: Value Added Productivity

Proposed Metrics – Log Process

Level 1 Metric	Definition	
Logistics Chain Reliability	Measures the ability of the logistics chain to accurately fulfill customer requirements for products and services.	
Level 2 Metrics	**Definition / Unit**	**Sources**
Perfect Order Fulfillment	Percent orders filled perfectly (the requested product / service, to the correct place, at the right time, in the right quantity, in the correct condition and packaging, with the correct documentation, to the correct customer) by service or agency	Short-Term: SAMMS, UICP, CCSS Long-Term: Service / Agency / Command BSCs Note: Highly dependent on on-going modernization. Only a partial picture can be revealed at this time, none could report fully today.

Proposed Metrics – Log Process

Level 1 Metric	Definition	
Logistics Chain Effectiveness	Measures the DoD Logistics ability to deliver optimized logistics support to meet the National Security Strategy.	
Level 2 Metrics	**Definition / Unit**	**Sources**
Logistics Chain Agility	The number of days for the DoD Log chain to adjust to a change in demand for products / services to support warfighter requirements.	Short-Term: TBD Long-Term: Service / Agency / Command BSCs
Logistics Chain Cycle Time	Total elapsed time (days) between the issuance of a customer order and the satisfaction of that order by service or agency.	Short-Term: DLA/Service CWT Systems Long-Term: Service / Agency / Command BSCs

oposed Metrics - Resource Planning

Level 1 Metric	Definition	
Logistics Chain Predictability	Measures the difference between the forecasted and actual logistics cost and demand.	
Level 2 Metrics	**Definitions**	**Sources**
Planned Cost to Actual Cost	The difference between forecasted logistics costs and actual logistics cost by military service or agency	Short-Term & Long-Term: Budget, Future Year Defense Program (FYDP)
Demand Forecast Accuracy	The difference between forecasted requirements and actual requirements by service or agency	Short-Term: TBD Long-Term: Service / Agency / Command BSC

Warfighter | Innovation & Learning | Logistics Process | Resource Planning

oposed Metrics - Resource Planning

Level 1 Metric	Definition	
Logistics Chain Cost Effectiveness	Measures the cost and value of the logistics chain.	
Level 2 Metrics	**Definitions**	**Sources**
Total Logistics Chain Cost Percentage	Total Logistics Cost as a percentage of the total DoD Budget.	Short-Term: Service Budgets, Future Year Defense Program (FYDP), Defense Manpower Data Center (DMDC) Long-Term: Service / Agency / Command BSCs
Total Logistics Chain Cost	Total Logistics Cost	Short-Term: Service Budgets, Future Year Defense Program (FYDP), Defense Manpower Data Center (DMDC) Long-Term: Service / Agency / Command BSCs
Value Added Productivity	The measurement of value of output as compared to the total number of logistics personnel.	Short-Term: TBD Long-Term: TBD

Warfighter
Innovation & Learning | Logistics Process
Resource Planning

Proposed Metrics – Innovation & Learning

Level 1 Metric	Definition	
Innovation Realization	Measures the level of success with meeting transformation goals.	
Level 2 Metrics	**Definitions**	**Sources**
Rate of Transformation	% of completed transformation initiatives	Short Term: TBD Long Term: TBD
Rate of Improvement	% of workforce improvement on BSC measures (POF, Log Chain Cycle Time, products under RFID visibility)	Short Term: TBD Long Term: TBD

Rate of Transformation data elements include Architecture Compliance (Portfolio Management) requirements, such as:

- Percent Component architecture compliance
- Percent program architecture compliance
- Percent reduction in number of Logistics systems
- Percent of Logistics systems portfolio will be COTS

Proposed Metrics – Innovation & Learning

Level 1 Metric	Definition	
Workforce Capacity	Provides insight into the existing labor pool, those trained in key initiatives, and general workforce satisfaction**.**	
Level 2 Metrics	**Definitions**	**Sources**
Workforce Shaping	% of filled Logistics positions	Short Term & Long Term: Defense Manpower Data Center (DMDC)
Learning Transformation	% of Logistics people trained to required training	Short Term: TBD Long Term: TBD
Employee Climate	% of satisfied Logistics people	Short Term & Long Term: Command Climate Surveys

BSC Hierarchy

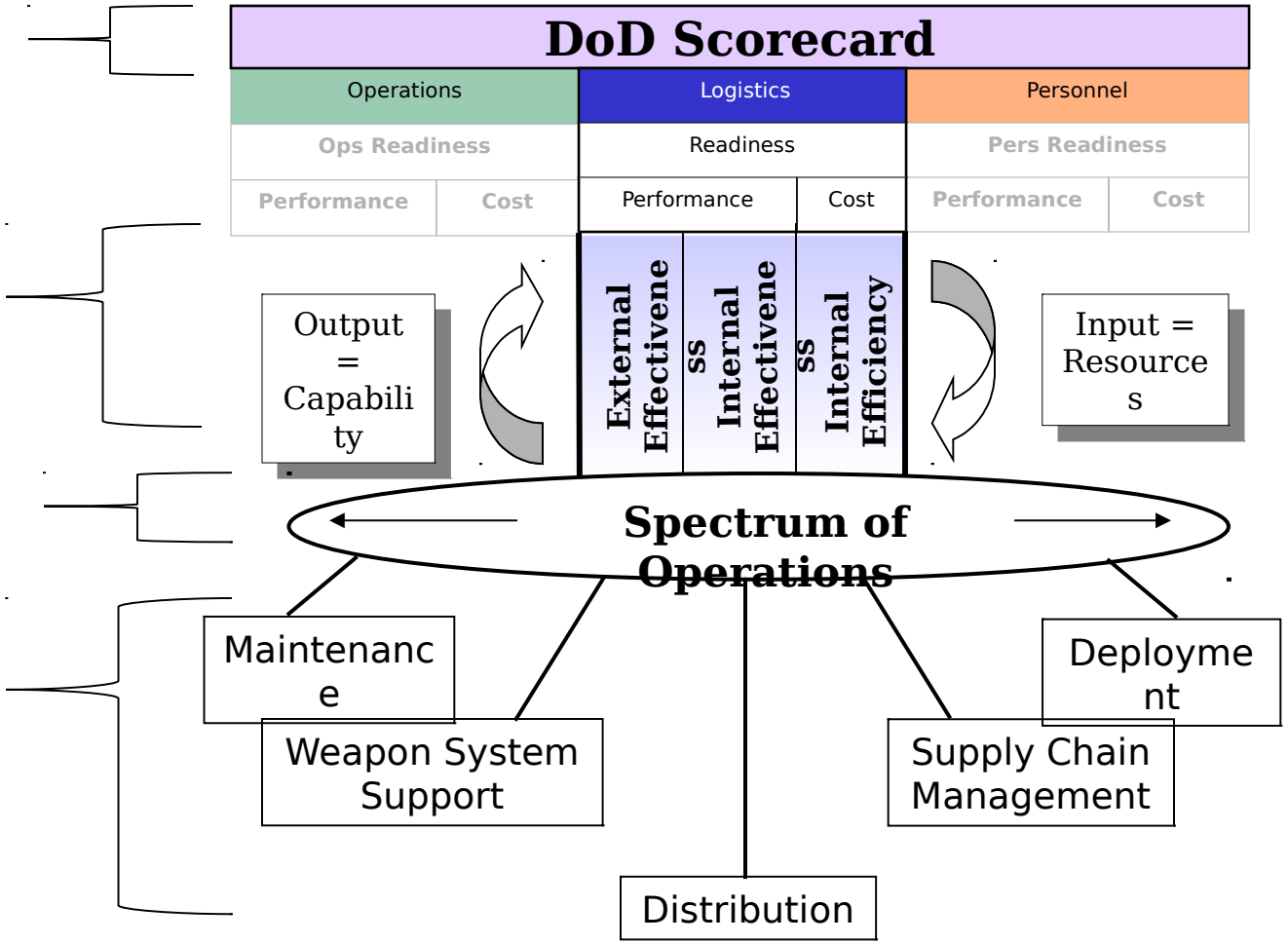
Manage Risk. (QDR 01, MID 901)

Logistics:

- Assess Logistics chain effectiveness
- Guide Logistics transformation

End-to-End processes

Actionable and meaningful process metrics and targets (Execution Level)



Proposed Way Ahead

- Brief USD(AT&L) on BSC status (Jan 04)
- IPTs/OIPTs develop meaningful and actionable metrics and targets by critical process (15 Feb 04)
  - Weapon System Support (TLCSM Executive Council)
  - Maintenance (MTSSG)
  - Supply Chain Management (BBP)
  - Distribution (DTTF)
  - Deployment (JDPO)
- CMG assess and integrate meaningful and actionable metrics and targets (1 March 04)
- Build BSC Desktop Application (Aug 04)

Backup Slides

Force Management Risk

Maintain Quality Workforce
L2 Metrics: Rate of Transformation, Rate of Improvement, Learning Transformation

Ensure Sustainable Military Tempo
L2 Metric: Workforce Shaping

Maintain Workforce Satisfaction
L2 Metric: Employee Climate

Shape the Force of the Future
L2 Metrics: Rate of Transformation, Workforce Shaping

Maintain Reasonable Force Costs
L2 Metric: Value Added Productivity

Operational Risk

Do We Have the Force Available?
L2 Metrics: Logistics Unit Readiness, Movement Visibility & Control, Combat Effectiveness Achievement, Services Support, Reset, Workforce Shaping

Are They Currently Ready?
L2 Metrics: Equipment Readiness, Logistics Unit Readiness, Reset, Learning Transformation

What are the Critical Needs, Systems, People, Sustainment, and Infrastructure
L2 Metrics: Commodity Availability, Prepositioned Readiness, Movement Capacity, Movement Visibility & Control, Movement Effectiveness, Prepositioned Effectiveness, Materiel Support, Services Support, Reset

Are We Prepared for Successful Strategy and Plan Execution?
L2 Metrics: MC Rates, Prepositioned Readiness, Movement Capacity, Movement Visibility & Control, Movement Effectiveness, Combat Effectiveness Achievement, Materiel Support, Services Support, Reset, Operational Drawdown, Rate of Transformation

Institutional Risk

Streamline Decision Processes, Drive Financial Management and Acquisition Excellence
L2 Metrics: Planned Cost to Actual Cost, Demand Forecast Accuracy, Total Log Chain Cost %, Total Log Chain Cost, Value Added Productivity

Improve the Readiness and Quality of Key Facilities
L2 Metrics: Total Log Chain Cost %, Total Log Chain Cost

Realign Support to the Warfighter (including Defense Agencies)
L2 Metrics: Perfect Order Fulfillment, Log Chain Capacity, Log Chain Cycle Time

Manage Overhead / Indirect Costs
L2 Metrics: Planned Cost to Actual Cost, Demand Forecast Accuracy

Future Challenges Risk

Drive Innovative Joint Operations (CONOPS, Experiments, etc)
L2 Metrics: Planned Cost to Actual Cost, Rate of Transformation

Define Future Human Capital Skills and Competencies
L2 Metrics: Workforce Shaping, Learning Transformation

Define and Develop Transformational Capabilities
L2 Metrics: Rate of Improvement

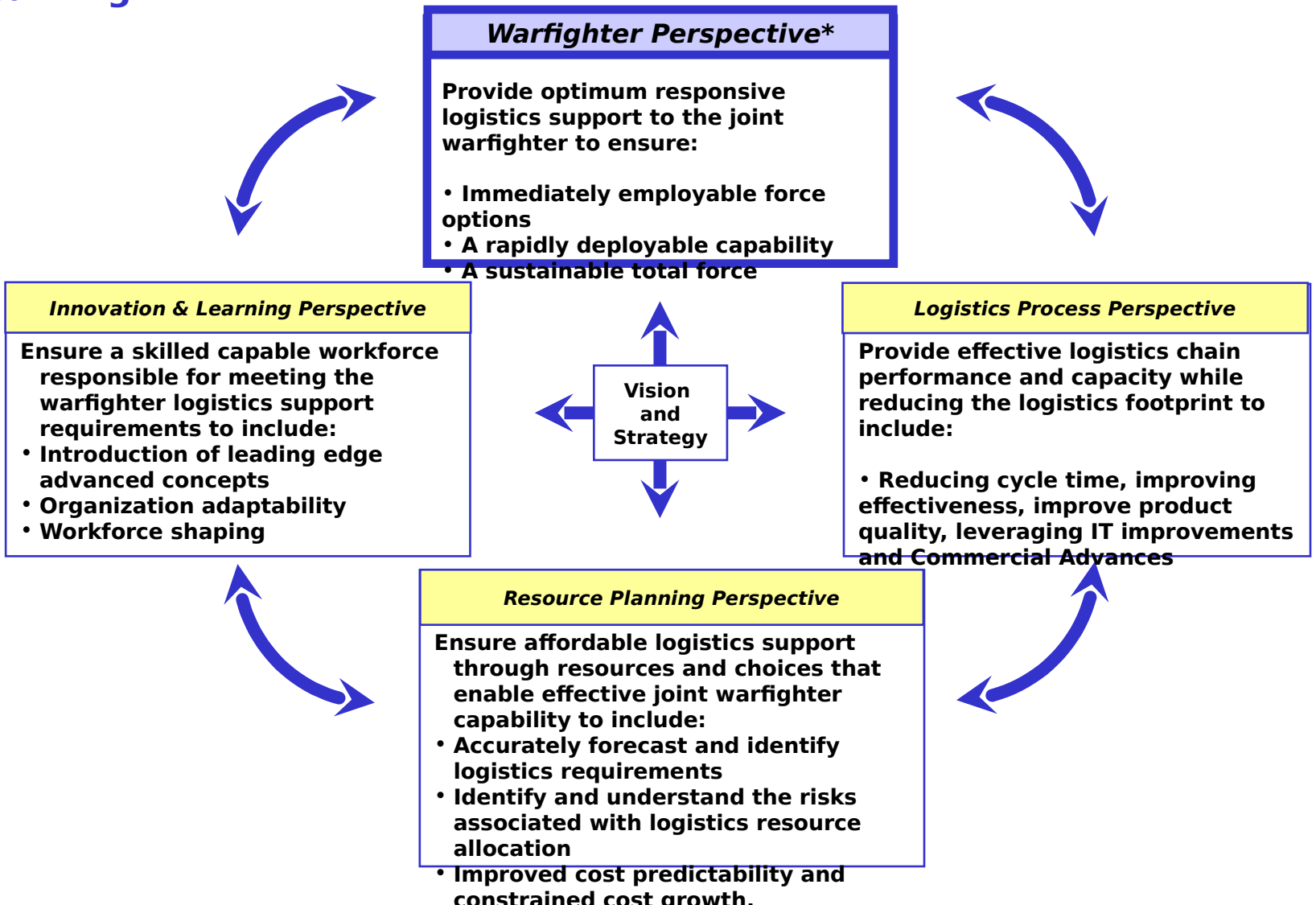
Develop More Effective Organizations
L2 Metrics: Demand Forecast Accuracy, Rate of Improvement, Learning Transformation

JLB DoD Logistics Vision

Support rapid, agile deployment, employment, sustainment and reset/reconstitution of the Total Force, within acceptable risk, across the full spectrum of operations in a cost-effective manner.

JLB DoD Logistics BSC Objectives

The four JLB-approved perspectives of the DoD Logistics BSC are: Warfighter, Logistics Process, Resource Planning, and Innovation & Learning.


Warfighter Perspective*
Provide optimum responsive logistics support to the joint warfighter to ensure:
• Immediately employable force options
• A rapidly deployable capability
• A sustainable total force
Innovation & Learning Perspective
Ensure a skilled capable workforce responsible for meeting the warfighter logistics support requirements to include:
• Introduction of leading edge advanced concepts
• Organization adaptability
• Workforce shaping
Vision and Strategy
Logistics Process Perspective
Provide effective logistics chain performance and capacity while reducing the logistics footprint to include:
• Reducing cycle time, improving effectiveness, improve product quality, leveraging IT improvements and Commercial Advances
Resource Planning Perspective
Ensure affordable logistics support through resources and choices that enable effective joint warfighter capability to include:
• Accurately forecast and identify logistics requirements
• Identify and understand the risks associated with logistics resource allocation
• Improved cost predictability and constrained cost growth.

DoD Logistics Level 1 Metrics

Warfighter
L1: Force Readiness **L1: Force Closure** **L1: Force Sustainment**

Innovation & Learning
TBD

Logistics Process
L1: Logistics Chain Reliability **L1: Logistics Chain Effectiveness**

Resource Planning
L1: Logistics Chain Predictability **L1: Logistics Chain Cost Effectiveness**

Approved by JLB August 5, 2003

JLB Approved Metrics

Warfighter

L1: Force Readiness
L2: Equipment Readiness
L2: MC Rates
L2: Commodity Availability
L2: Logistics Units Readiness
L2: Prepositioned Readiness

L1: Force Sustainment
L2: Materiel Support
L2: Services Support

L1: Force Closure
L2: Distribution Capacity
L2: Distribution Velocity & Control
L2: Distribution Effectiveness
L2: Combat Effectiveness Achievement
L2: Prepositioned Effectiveness

L1: Reset
L2: Reset
L2: Operational Draw-down

I&L requires additional work

Innovation & Learning

L1: Innovation Realization
L2: Rate of Transformation
L2: Rate of Improvement

L1: Workforce Capability
L2: Workforce Shaping
L2: Learning Transformation
L2: Employee Climate

Logistics Process

L1: Logistics Chain Reliability
L2: Perfect Order Fulfillment

L1: Logistics Chain Effectiveness
L2: Logistics Chain Agility
L2: Logistics Chain Cycle Time

Resource Planning

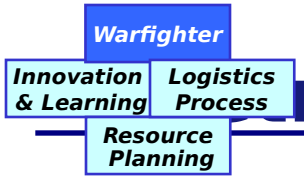
L1: Logistics Chain Predictability
L2: Planned Cost to Actual Cost
L2: Demand Forecast Accuracy

L1: Logistics Chain Cost Effectiveness
L2: Total Logistics Chain Cost Percentage
L2: Total Logistics Chain Cost
L2: Value Added Productivity

Warfighter
Innovation & Learning
Logistics Process
Resource Planning

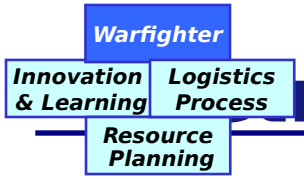
ric Recommendations - Warfighter

Level 1 Metric	Definition	
Force Readiness	Measurement of operational availability as it relates to logistics personnel, equipment, maintenance, spares, and accompanying supplies.	
Level 2 Metrics	**Definition / Unit**	**Sources**
Equipment Readiness	Percent (critical) equipment readiness	Short-Term: SORTS (USN & USMC), SAMMS/BSM (DLA), CAMS/OLVIMS & GO81 (USAF), STAMIS/Property book (Army) Long-Term: Service / Agency / Command BSCs
Mission Capability Rates	Percent Mission Capable Rates	Short-Term: Quarterly Reports, SAMMS/BSM (DLA), CAMS/OLVIMS & GO81 (USAF), STAMIS/Property book (Army), MCGERR (USMC), TRMS (USN) Long-Term: Service / Agency / Command BSCs
Commodity Availability	Percent availability	Short-Term: SAMMS/BSM (DLA), CAMS/ OLVIMS & GO81 (USAF), STAMIS/Property book (Army), Log Sit Reps (USMC), Document Status File at NAVICP (USN) Long-Term: Service / Agency / Command BSCs
Logistics Unit Readiness	Percent of Logistics Unit readiness	Short-Term: SORTS Long-Term: TBD



ric Recommendations - Warfighter

Level 1 Metric	Definition	
Force Closure	Measurement of the capacity to move forces and equipment to final destination (through RSOI) in accordance with Warfighter requirements.	
Level 2 Metrics	**Definition / Unit**	**Sources**
Distribution Capacity	Pipeline capacity (ton/day) for daily operations and surge.	Short Term & Long Term: TRANSCOM (GTN, WPS, GDSS)
Distribution Visibility & Control	The measurement / level of visibility of personnel, equipment, and supplies in the distribution network to support the warfighter demand	Short Term & Long Term: TRANSCOM (GTN, WPS, GDSS)
Distribution Effectiveness	Percent people, initial equipment, and sustainment stock by RDD by CoCom	Short Term & Long Term: TRANSCOM (GTN, WPS, GDSS)
Combat Effectiveness Achievement	Time from the deployment order to the unit movement through RSOI to forward staging	Short-Term: TBD Long-Term: TBD
Prepositioned Effectiveness	Percent of materiel prepositioned by required COCOM date	Short-Term: SORTS Long-Term: TBD



ric Recommendations - Warfighter

Level 1 Metric	Definition	
Force Sustainment	Measurement of the ability to provide support to current operations.	
Level 2 Metrics	**Definition / Unit**	**Sources**
Materiel Support	Percent of materiel into theater by RDD	Short-Term & Long-Term: SAMMS/BSM (DLA), CAMS/OLVIMS & GO81 (USAF), STAMIS/Property book (Army), Log Sit Reps (USMC), One Touch/FIMRS/LMRS/ NALCOMIS/RSupply (USN)
Services Support	Percent of services support into theatre by RDD	Short-Term : TBD Long-Term: TBD

Warfighter
Innovation & Learning | Logistics Process
Resource Planning

ric Recommendations - Warfighter

Level 1 Metric	Definition	
Reset (new metric)	Measurement of the ability to meet follow-on operational readiness requirements (as needed)	
Level 2 Metrics	**Definition / Unit**	**Sources**
Reset	Percent reset by CoCom	Short-Term: SORTS, JOPES / TPFDD Long-Term: Service / Agency / Command BSCs
Operational Draw-down	Percent to which an operation is drawn down in order to provide forces for follow-on operations. Measures include the percentage of total shipments received back at the designated location, remaining cargo / personnel waiting to redeploy, and status of in-theatre equipment.	Short-Term: TBD Long-Term: Service / Agency / Command BSCs

Proposed L2 Metrics for Target Setting

Warfighter

L1: Force Readiness
L2: Equipment Readiness
L2: MC Rates
L2: Commodity Availability
L2: Logistics Units Readiness
L2: Prepositioned Readiness

L1: Force Sustainment
L2: Materiel Support
L2: Services Support

L1: Force Closure
L2: Movement Capacity
L2: Movement Visibility & Control
L2: Movement Effectiveness
L2: Combat Effectiveness Achievement
L2: Prepositioned Effectiveness

L1: Reset
L2: Reset
L2: Operational Draw-down

Innovation & Learning

L1: Innovation Realization
L2: Rate of Transformation
L2: Rate of Improvement

L1: Workforce Capacity
L2: Workforce Shaping (Logistics Workforce)
L2: Learning Transformation
L2: Employee Climate

Logistics Process

L1: Logistics Chain Reliability
L2: Perfect Order Fulfillment (LRT & CWT)

L1: Logistics Chain Effectiveness
L2: Logistics Chain Capacity
L2: Logistics Chain Cycle Time

Resource Planning

L1: Logistics Chain Predictability
L2: Planned Cost to Actual Cost
L2: Demand Forecast Accuracy

L1: Logistics Chain Cost Effectiveness
L2: Total Logistics Chain Cost Percentage
L2: Total Logistics Chain Cost
L2: Value Added Productivity

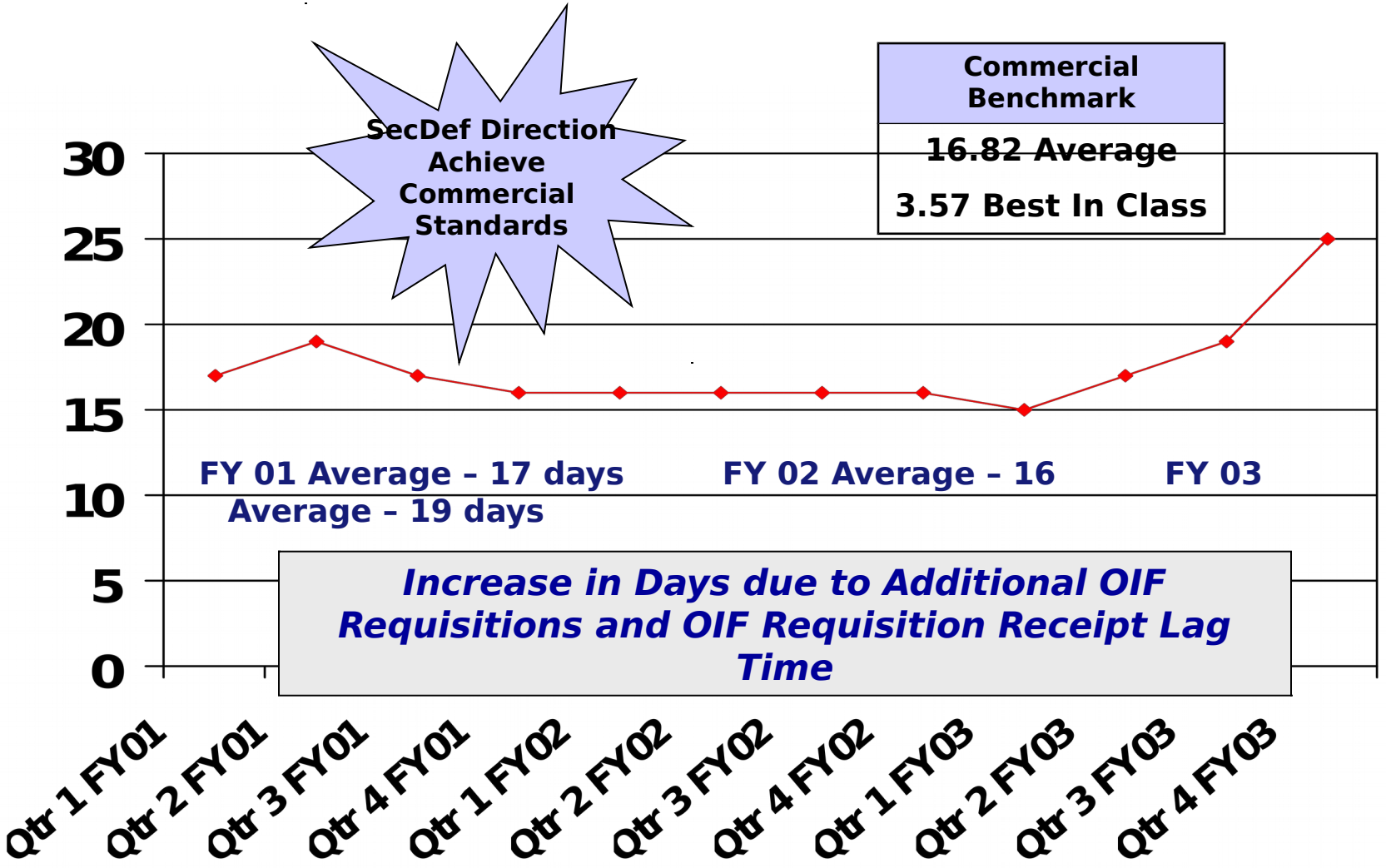
Mission Capable Rates

Percent of Critical Weapon Systems that meet or exceed the Weapon System Mission Capable Rate Goal

- **Individual weapon system data is available at each of the Military Services**
- **Military Services need to identify critical systems and corresponding goals**
- **Example: Quarterly Readiness Report to Congress shows 13 of 16 (81%) Army reported systems met or exceeded goal as of March 2002**

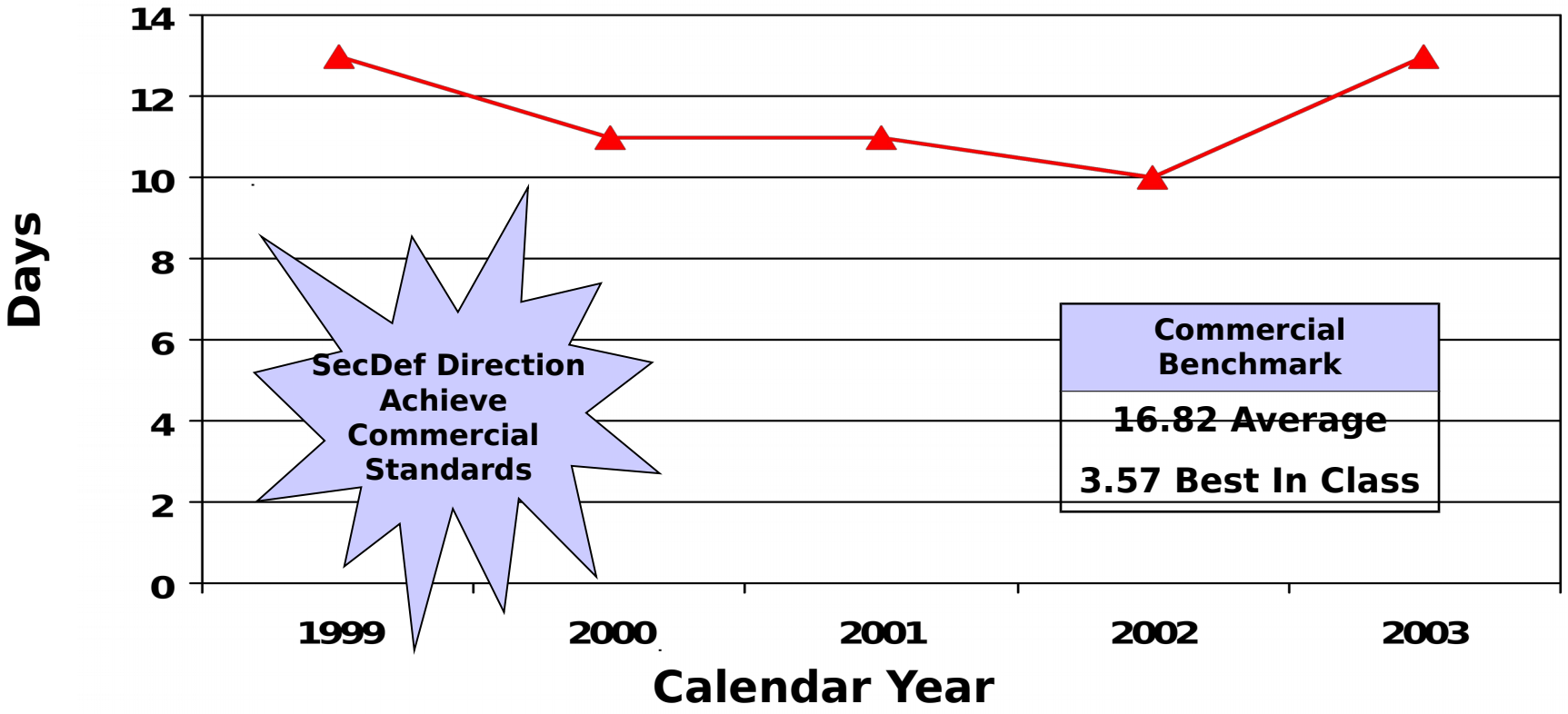
Recommended target would be:
X % increase in number of systems that meet or exceed goal across the DoD

Customer Wait Time



Will Evolve to Perfect Order Fulfillment

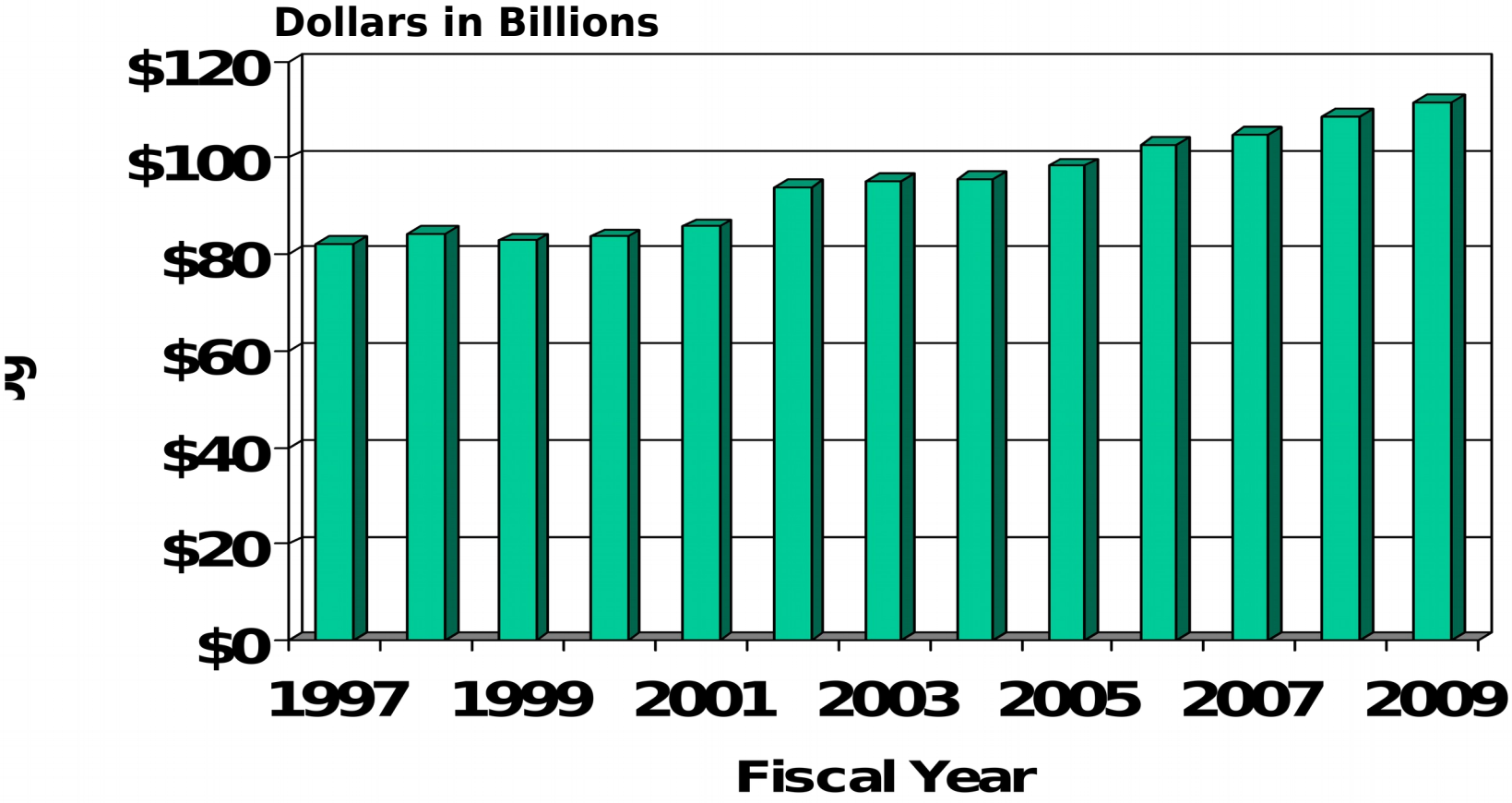
Logistics Response Time



**National level fills, all requisitions*

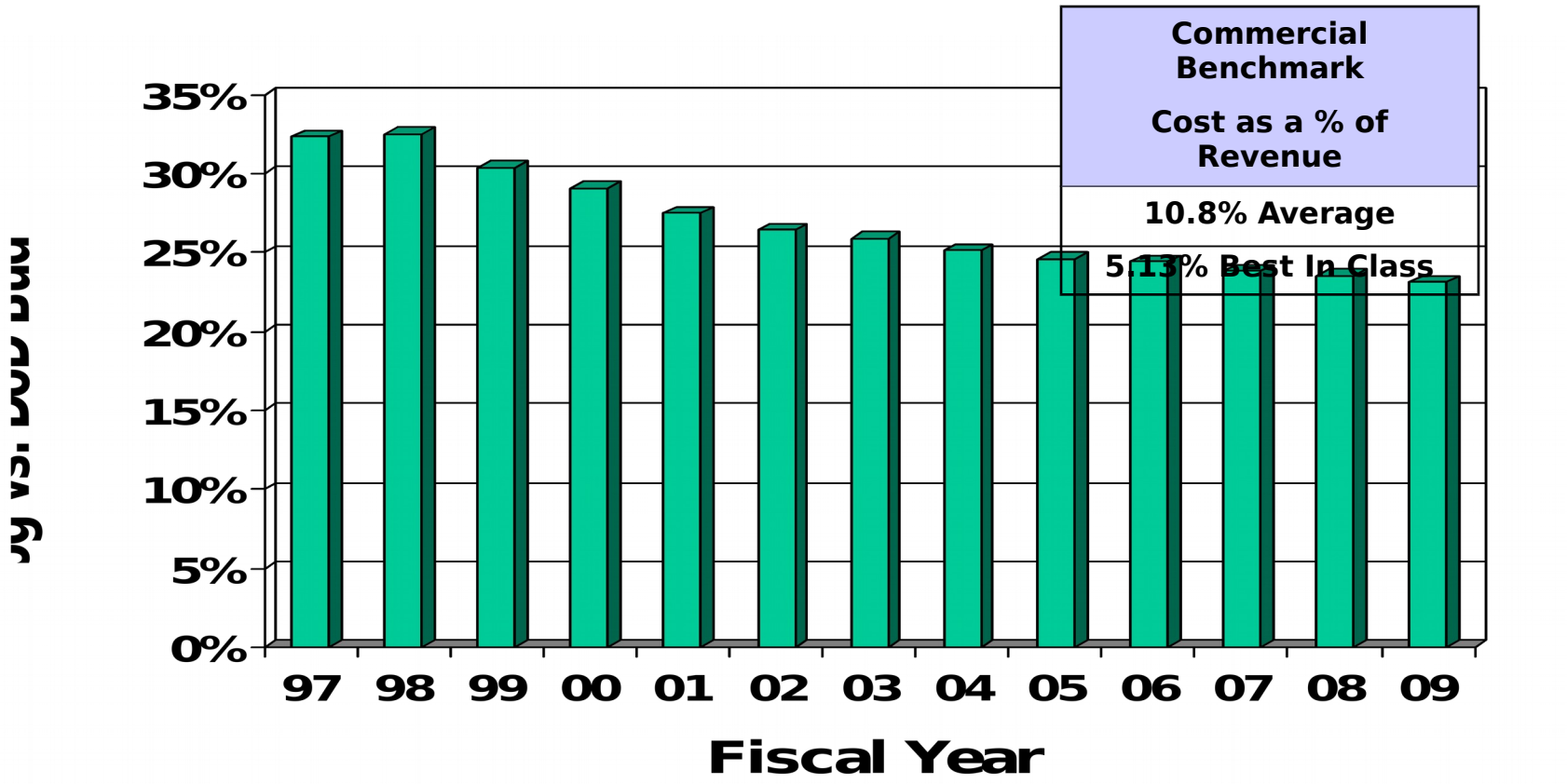
Increase in Days due to Additional OIF Requisitions and OIF Requisition Receipt Lag Time

Logistics Resource Baseline



Constant 2004 dollars. DoD budget line from the *NATIONAL DEFENSE BUDGET ESTIMATES - FY 2004,* Table 6-1.

Logistics vs. DoD Budget



Constant 2004 dollars. DoD budget line from the *NATIONAL DEFENSE BUDGET ESTIMATES - FY 2004,* Table 6-1.

Logistics consuming smaller portion of DoD budget; freeing resources for transformation.

Logistics Personnel